

Senate File 2279 - Introduced

SENATE FILE 2279
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3018)

A BILL FOR

1 An Act relating to the credit union division and its regulatory
2 matters.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 7A.4, Code 2016, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 5. Superintendent of credit unions.

4 Sec. 2. Section 533.113, subsection 1, paragraph d, Code
5 2016, is amended to read as follows:

6 *d.* Make or cause to be made an examination of any person
7 having business transactions or a relationship with any state
8 credit union, ~~upon application to and order of the district~~
9 ~~court of Polk county,~~ when such examination is deemed necessary
10 and advisable in order to determine whether the capital of
11 the state credit union is impaired or whether the safety of
12 its deposits, its financial information or accounts, or its
13 computer systems or computer networks, is imperiled.

14 Sec. 3. Section 533.114, subsection 2, paragraphs b and c,
15 Code 2016, are amended to read as follows:

16 *b.* A summary of the assets, liabilities, and capital
17 structures of all state credit unions, ~~and a summary of the~~
18 ~~volume of consumer installment credit outstanding per state~~
19 ~~credit union,~~ as of December 31 of the year for which the
20 report is made.

21 *c.* A statement of the receipts and disbursements of funds
22 of the superintendent during the ~~calendar~~ fiscal year ending
23 ~~on the preceding December 31~~ June 30 of the year for which the
24 report is made and of the funds on hand on that ~~December 31,~~
25 ~~including an estimate of the disbursements of credit union~~
26 ~~division funds for consumer credit protection during the year~~
27 ~~for which the report is made~~ June 30.

28 Sec. 4. NEW SECTION. 533.115A Conducting business outside
29 of state.

30 If a state credit union has an office and conducts business
31 in another state having laws or regulations allowing credit
32 unions to exercise additional powers, the state credit union
33 may request permission from the superintendent to exercise such
34 additional powers while operating in the other state with only
35 the resident members of that other state.

1 Sec. 5. NEW SECTION. **533.201A Change in place of business.**

2 1. A state credit union shall notify the superintendent
3 of any change in its principal place of business within ten
4 days of the change. A state credit union shall also file an
5 application to relocate an office as provided by rule.

6 2. A state credit union changing its principal place of
7 business shall review and amend its articles of incorporation,
8 if necessary.

9 Sec. 6. Section 533.205, Code 2016, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 9. *Penalties.* The superintendent may
12 impose a penalty, after notice in writing and opportunity for
13 a hearing, for a violation of this section. If a state credit
14 union fails to satisfactorily resolve the matter within sixty
15 days from receipt of such notice, the superintendent may impose
16 a penalty against the state credit union in an amount not to
17 exceed one hundred dollars per day per violation for each day
18 that the violation remains unresolved.

19 Sec. 7. NEW SECTION. **533.331 Data breach — duty to notify.**

20 1. In accordance with 12 C.F.R. pt. 748, Appendix B, a state
21 credit union shall maintain an information security response
22 program that includes procedures for notifying the credit union
23 division as soon as possible after the credit union becomes
24 aware of an incident involving unauthorized access to or use of
25 sensitive member information that would permit access to the
26 member's account, as further detailed in 12 C.F.R. pt. 748.

27 2. State credit unions that experience an information
28 security breach may be subject to chapter 715C.

29 Sec. 8. Section 533.401, subsection 1, Code 2016, is amended
30 to read as follows:

31 1. With the approval of the superintendent and the national
32 credit union administration, a state credit union may merge
33 with another credit union under the existing certificate of
34 approval of the other credit union if the merger is pursuant
35 to a plan agreed upon by a majority of the board of directors

1 of each credit union joining in the merger and the merger
2 is approved by the affirmative vote of a majority of the
3 members of the merging credit union according to the provisions
4 of [section 533.203](#). At least twenty days' notice shall be
5 provided between the sending of notice and the scheduled
6 conclusion of the vote.

7 Sec. 9. REPEAL. Sections 533.327 and 533.328, Code 2016,
8 are repealed.

9 EXPLANATION

10 The inclusion of this explanation does not constitute agreement with
11 the explanation's substance by the members of the general assembly.

12 This bill modifies several provisions that relate to the
13 credit union division.

14 The bill amends Code section 7A.4 by adding the
15 superintendent of credit unions to the list of officials
16 required to submit an annual report to the governor.

17 The bill amends Code section 533.113(1) by eliminating the
18 need for the superintendent to apply to and seek an order from
19 the district court of Polk county in order to examine any
20 person having business transactions or a relationship with any
21 state credit union when capital is impaired or deposit safety
22 is at issue. The bill also adds the safety of a credit union's
23 financial information or accounts, and computer systems or
24 computer networks, as grounds for such an examination.

25 The bill amends Code section 533.114(2)(b) by eliminating
26 the need for the superintendent to include a summary of the
27 volume of consumer installment credit outstanding per state
28 credit union in the superintendent's annual report.

29 The bill amends Code section 533.114(2)(c) by changing
30 the date that the superintendent is required to provide a
31 statement of the receipts and disbursements of funds of the
32 superintendent and of the remaining funds on hand, to the end
33 of the fiscal year.

34 The bill creates new Code section 533.115A to require credit
35 unions that operate in another state which has laws that give

1 credit unions additional powers to request permission from
2 the superintendent to exercise those additional powers while
3 operating in the other state with only the resident members of
4 that other state.

5 The bill creates new Code section 533.201A to require a state
6 credit union to notify the superintendent of any change to
7 its principal place of business and to file an application to
8 relocate an office as provided by rule. The bill also provides
9 that a credit union shall review and amend its articles of
10 incorporation after such a change if necessary.

11 The bill amends Code section 533.205 authorizing penalties
12 for any violation of that Code section, which pertains to
13 the duties of the board of directors of a credit union. The
14 superintendent may impose a penalty of not more than \$100
15 per day per violation for each day that the violation is
16 unresolved, after notice and an opportunity for a hearing and a
17 60-day period for resolving the violation.

18 The bill creates new Code section 533.331 to specify that
19 a state credit union shall maintain an information security
20 response program, including notification procedures, in the
21 event of a data breach and in accordance with federal law.
22 The bill also states that state credit unions that experience
23 a security breach may be subject to the provisions of Code
24 chapter 715C, which relates to criminal penalties for personal
25 information security breach protection.

26 The bill amends Code section 533.401(1) to require the
27 approval of the national credit union administration, in
28 addition to the superintendent, for a state credit union to
29 merge with a federal or another state's credit union.

30 The bill repeals Code section 533.327, regarding a change
31 in a credit union's place of business. The language from
32 this section is modified and incorporated into new Code
33 section 533.201A. The bill also repeals Code section 533.328,
34 regarding credit unions conducting business outside of the
35 state. The language from this section is incorporated into new

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1 Code section 533.115A.